

**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Southern Union Company  
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D.T.E. 05-\_\_\_\_

**PETITION FOR AUTHORIZATION TO ISSUE COMMON STOCK**

Southern Union Company (“Southern Union” or the “Company”) hereby petitions the Department of Telecommunications and Energy (the “Department”) for approval and authorization pursuant to G.L. c. 164, §§ 11 and 14 to issue and distribute up to 5.5 million shares of common stock for the purpose of effecting a stock dividend for the Company’s equity shareholders in 2005.

In support of its request, Southern Union states as follows:

1. Southern Union is a Delaware corporation that is primarily involved in the distribution, transportation and storage of natural gas throughout the United States. As a natural gas local distribution company, Southern Union serves approximately 1 million customers through its operating divisions in Missouri, Pennsylvania, Rhode Island and Massachusetts. The Company serves approximately 500,000 customers through its operations in Missouri (Missouri Gas Energy) and 160,000 customers through its operations in Pennsylvania (PG Energy). The Company’s interstate natural gas transportation and storage operations are conducted through Panhandle Energy, which owns and operates 100% of Panhandle

Eastern Pipe Line Company, Trunkline Gas Company, Sea Robin Pipeline Company, Southwest Gas Storage Company and Trunkline LNG Company – one of North America’s largest liquefied natural gas import terminals. Through CCE Holdings, LLC, Southern Union owns a 50% interest in and operates the CrossCountry Energy pipelines, which include 100% of Transwestern Pipeline Company and 50% of Citrus Corp. Citrus Corp. owns 100% of the Florida Gas Transmission pipeline system.

2. In Rhode Island and Massachusetts, Southern Union serves approximately 300,000 customers through the New England Gas Company, which operates as a division of Southern Union in Massachusetts pursuant to G. L. c. 164, § 1. As such, Southern Union is subject to the Department’s jurisdiction and the provisions of G. L. c. 164, as amended.
3. In this proceeding, the Company is seeking approval to issue and distribute up to 5.5 million shares of common stock in 2005 as a dividend to the Company’s equity shareholders, pursuant to G.L. c. 164, § 11 and § 14. The Company’s request to issue a stock dividend is identical to those approved by the Department in: (1) Southern Union Company, D.T.E. 01-52 (2001) (approval to issue up to 2.7 million shares of common stock); (2) Southern Union Company, D.T.E. 02-27 (2002) (approval to issue up to 3.0 million shares of common stock); (3) Southern Union Company, D.T.E. 03-46 (2003) (approval to issue up to 4.5 million shares of common stock); and (4) Southern Union Company, D.T.E. 04-41 (2004) (approval to issue up to 3.7 million shares of common stock).

4. On or about July 15, 2005, the Company anticipates declaring a five percent dividend to shareholders as of the record date established by the Board of Directors in authorizing the stock dividend. To effect this dividend, the Company will issue not more than 5.5 million shares of common stock. As discussed in the testimony of Richard N. Marshall, Vice President and Treasurer of Southern Union, which is filed herewith, the issuance of the common stock for the purposes of effecting a stock dividend to shareholders is consistent with the public interest and prior Department precedent.
5. G.L. c. 164, § 11, as amended, allows for common stock issuances for the purpose of dividend distributions, where such issuances are approved and authorized by the Department under G.L. c. 164, § 14.
6. The issuance of shares for which the Company seeks approval by the Department was approved and authorized by a vote of the Board of Directors on May 9, 2005. The Company has attached a copy of the Board of Directors' vote and authorization as Exhibit SU-2.
7. The issuance of the stock dividend is reasonably necessary to fulfill the Company's utility-service obligations and serves a legitimate purpose in that it facilitates the Company's cost-effective financing of utility operations.
8. The issuance of the stock dividend complies with G.L. c. 164, § 16 because following the issuance, the fair structural value of the Company's property, plant and equipment and the fair value of the gas inventories

held by the Company, will exceed its outstanding stock and long-term debt.

**WHEREFORE**, the Company respectfully requests that, after notice and hearing, the Department:

VOTE: That the issuance and distribution of up to 5.5 million shares of common stock for the purpose of effecting a stock dividend in 2005 is reasonably necessary for the purposes for which such issuance and sale has been authorized, pursuant to G.L. c. 164, § 14.

VOTE: That the issuance and distribution of up to 5.5 million shares of common stock for the purpose of effecting a stock dividend in 2005, is in accordance with G.L. c. 164, § 16, in that the fair structural value of the Company's property, plant and equipment and the fair value of the gas inventories held by the Company, will exceed its outstanding stock and long-term debt.

ORDER: That the issuance and distribution of up to 5.5 million shares of common stock for the purpose of effecting a stock dividend in 2005, is approved and authorized; and

ORDER: Such other and further orders and approvals as may be necessary or appropriate.

Respectfully submitted,

**SOUTHERN UNION COMPANY**

By its attorneys,

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Dated: May 17, 2005